Bahrain Flour Mills Company B.S.C.

Financial statements

31 December 2015

Bahrain Flour Mills Company B.S.C.

FINANCIAL STATEMENTS
For the year ended 31 December 2015

CONTENTS

Bahrain Flour Mills Company B.S.C.
General information

Commercial registration	1170 (Bahrain Joint Stock Company)
Board of directors	Mr. Abdullateef Khalid Al Aujan *(Chairman)* Mr. Khalid Abdulla Al Sager *(Vice chairman) up to 12 May 2015* Mr. Salah Mohamed Al Kulaib *(Vice chairman) from 13 May 2015* Ms. Afnan Rashid Al Zayani Dr. Seena Rahma Jaberi Mr. Abbas Abdul Mohsen Ahmed Radhi Mr. Adel Ahmed Abdulmalik Mr. Marwan Khaled Tabbara Dr. Marwa Khalid Al Sabbagh
Audit committee	Mr. Abbas Abdul Mohsen Ahmed Radhi *(Chairman)* Ms. Afnan Rashid Al Zayani *(Vice chairman)* Mr. Adel Ahmed Abdulmalik
Corporate governance committee	Mr. Abbas Abdul Mohsen Ahmed Radhi *(Chairman)* Ms. Afnan Rashid Al Zayani *(Vice chairman)* Mr. Adel Ahmed Abdulmalik
Nomination and remuneration committee	Dr. Seena Rahma Jaberi *(Chairman)* Dr. Marwa Khalid Al Sabbagh *(Vice chairman) up to 14 July 2015* Mr. Salah Mohamed Al Kulaib – *from 2 December 2015* Mr. Abbas Abdul Mohsen Ahmed Radhi
Investment committee	Mr. Abdullateef Khalid Al Aujan *(Chairman)* Mr. Marwan Khaled Tabbara Mr. Khalid Abdulla Al Sager - *up to 12 May 2015*
Strategy and development committee	Dr. Marwa Khalid Al Sabbagh *(Chairman)* Dr. Seena Rahma Jaberi *(Vice chairman)* Ms. Afnan Rashid Al Zayani Mr. Marwan Khaled Tabbara
Wheat purchasing committee	Mr. Abdullateef Khalid Al Aujan *(Chairman)* Mr. Marwan Khaled Tabbara
Chief Executive Officer	Mohammed Abdulwahab Nass
Office and plant	Building No. 1773, Road No. 4236, Block No. 342 P.O. Box 26787 Manama, Kingdom of Bahrain Telephone 17729984, Fax 17729312 E-Mail: info@bfm.bh
Bankers	BBK BSC Ahli United Bank BSC National Bank of Bahrain BSC
Auditors	KPMG Fakhro
Shares registrar	Karvy Computershare W.L.L.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
Bahrain Flour Mills Company B.S.C.
Kingdom of Bahrain

Report on the financial statements

We have audited the accompanying financial statements of Bahrain Flour Mills Company B.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other regulatory requirements

As required by the Bahrain Commercial Companies Law, we report that:

a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
b) the financial information contained in the directors' report is consistent with the financial statements;
c) we are not aware of any violations during the year of the Bahrain Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position; and
d) satisfactory explanations and information have been provided to us by management in response to all our requests.

KPMG

KPMG Fakhro
Partner Registration No. 83
17 February 2016

Bahrain Flour Mills Company B.S.C.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

Bahraini Dinars

	Note	31 December 2015	31 December 2014
ASSETS			
Current assets			
Cash and cash equivalents		1,993,160	2,678,004
Trade and other receivables	4	3,274,983	3,263,613
Inventory	5	6,816,887	6,067,255
Total current assets		**12,085,030**	12,008,872
Non-current assets			
Available-for-sale investments	6	6,654,488	7,218,798
Property, plant and equipment	7	5,281,163	5,955,558
Total non-current assets		**11,935,651**	13,174,356
Total assets		**24,020,681**	25,183,228
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	8	2,930,758	2,757,370
Import finance loans	9	2,482,718	3,612,437
Total current liabilities		**5,413,476**	6,369,807
Non-current liabilities			
Provision for employees' leaving indemnity	10	83,749	63,847
Total liabilities		**5,497,225**	6,433,654
Equity			
Share capital	11	2,481,877	2,481,877
Share premium		1,350,000	1,350,000
Statutory reserve		1,241,625	1,241,625
Investments fair value reserve		5,097,443	5,410,595
Other reserves		3,463,628	3,463,628
Retained earnings		4,888,883	4,801,849
Total equity (page 6,7)		**18,523,456**	18,749,574
Total equity and liabilities		**24,020,681**	25,183,228

These financial statements, set out on pages 3 to 29, were approved by the Board of Directors on 17 February 2016 and signed on its behalf by:

Abdullatif Khalid Alujan	Salah Mohamed Al Kulaib	Mohammed Abdulwahab Nass
Chairman	*Vice Chairman*	Chief Executive Officer

Bahrain Flour Mills Company B.S.C.

STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015 Bahraini Dinars

	Note	2015	2014
Sales		5,974,376	6,076,943
Cost of sales	12	(15,273,405)	(16,108,475)
Gross loss before government subsidy		(9,299,029)	(10,031,532)
Government subsidy	13	10,435,191	11,302,610
Gross profit		**1,136,162**	1,271,078
Other operating expenses	14	(1,176,280)	(1,395,169)
Loss from operations		**(40,118)**	(124,091)
Investment income	15	548,771	634,932
Other income	16	95,031	109,969
Impairment on available-for-sale investments		-	(6,668)
Profit for the year		**603,684**	614,142
Earning per share	17	**24 fils**	25 fils

These financial statements, set out on pages 3 to 29, were approved by the Board of Directors on 17 February 2016 and signed on its behalf by:

Abdullatif Khalid Alujan	Salah Mohamed Al Kulaib	Mohammed Abdulwahab Nass
Chairman	*Vice Chairman*	Chief Executive Officer

Bahrain Flour Mills Company B.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015 Bahraini dinars

	2015	2014
Profit for the year	**603,684**	614,142
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Net change in fair value of available-for-sale investments	(97,906)	99,264
Transferred to profit or loss on impairment of available-for-sale investments	-	6,668
Transferred to profit or loss on sale of available-for-sale investments	(215,246)	(243,308)
Total other comprehensive income for the year	**(313,152)**	(137,376)
Total comprehensive income for the year	**290,532**	476,766

These financial statements consist of pages 3 to 29.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

Bahraini Dinars

2015	Share capital	Share premium	Reserves			Retained earnings	Total
			Statutory reserve	Investments fair value reserve	Other reserves		
At 1 January 2015	2,481,877	1,350,000	1,241,625	5,410,595	3,463,628	4,801,849	18,749,574
Comprehensive income:							
Profit for the year	-	-	-	-	-	**603,684**	**603,684**
Other comprehensive income:							
Items that are or may be reclassified to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(97,906)	-	-	(97,906)
Transferred to profit or loss on sale of available-for-sale investments	-	-	-	(215,246)	-	-	(215,246)
Total other comprehensive income for the year	-	-	-	**(313,152)**	-	-	**(313,152)**
Total comprehensive income for the year	-	-	-	**(313,152)**	-	**603,684**	**290,532**
Dividend declared for 2014	-	-	-	-	-	(496,650)	(496,650)
Charity contribution	-	-	-	-	-	(20,000)	(20,000)
At 31 December 2015	**2,481,877**	**1,350,000**	**1,241,625**	**5,097,443**	**3,463,628**	**4,888,883**	**18,523,456**

These financial statements consist of pages 3 to 29.

Bahrain Flour Mills Company B.S.C.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

Bahraini Dinars

2014	Share capital	Share premium	Reserves			Retained earnings	Total
			Statutory reserve	Investments fair value reserve	Other reserves		
At 1 January 2014	2,481,877	1,350,000	1,241,625	5,547,971	3,463,628	4,436,032	18,521,133
Comprehensive income:							
Profit for the year	-	-	-	-	-	614,142	614,142
Other comprehensive income:							
Items that are or may be reclassified to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	99,264	-	-	99,264
Transferred to profit or loss on impairment of available-for-sale investments	-	-	-	6,668	-	-	6,668
Transferred to profit or loss on sale of available-for-sale investments	-	-	-	(243,308)	-	-	(243,308)
Total other comprehensive income for the year	-	-	-	(137,376)	-	-	(137,376)
Total comprehensive income for the year	-	-	-	(137,376)	-	614,142	476,766
Dividend declared for 2013	-	-	-	-	-	(248,325)	(248,325)
At 31 December 2014	2,481,877	1,350,000	1,241,625	5,410,595	3,463,628	4,801,849	18,749,574

These financial statements consist of pages 3 to 29.

Bahrain Flour Mills Company B.S.C.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015 — Bahraini dinars

	2015	2014
OPERATING ACTIVITIES		
Profit for the year	**603,684**	614,142
Adjustments for:		
Depreciation	737,751	732,344
Profit from sale of property, plant and equipment	(1,994)	(1,580)
Impairment loss on available-for-sale investments	-	6,668
Profit on sale of available-for-sale investments	(180,463)	(243,308)
Investments fair value reserve adjustment	-	(28,292)
Changes in operating assets and liabilities:		
Inventories	(749,632)	20,427
Trade and other receivables	(11,370)	(1,834,007)
Trade and other payables	162,898	2,334,384
Employees' leaving indemnity, net	19,902	13,049
Net cash provided by operating activities	**580,776**	1,613,827
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,362)	(33,211)
Purchase of available-for-sale investments	-	(439,165)
Proceeds from sale of available-for-sale investments	431,627	445,690
Proceeds from sale of property, plant and equipment	7,000	1,640
Net cash provided by / (used in) investing activities	**370,265**	(25,046)
FINANCING ACTIVITIES		
Import finance loans obtained	13,044,135	11,404,466
Repayment of import finance loans	(14,173,854)	(12,189,834)
Dividends paid	(506,166)	(223,986)
Net cash used in financing activities	**(1,635,885)**	(1,009,354)
Net (decrease)/ increase in cash and cash equivalents during the year	**(684,844)**	579,427
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,678,004	2,098,577
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**1,993,160**	2,678,004
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash on hand	1,124	2,121
Bank balances	1,992,036	2,675,883
	1,993,160	2,678,004

These financial statements consist of pages 3 to 29.

1 REPORTING ENTITY

Bahrain Flour Mills Company B.S.C. ("the Company") is a Bahraini public shareholding company registered with the Ministry of Industry and Commerce in the Kingdom of Bahrain and operates under commercial registration number 1170 obtained on 16 July 1970. The Company was incorporated by an Amiri Charter dated 9 May 1970 for a period of 50 years, and commenced its commercial operations on 1 May 1972. The Company's shares are listed on Bahrain Bourse.

The principal activities of the Company are the production of flour and related products which are sold in the local markets.

The registered office of the Company is in the Kingdom of Bahrain.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Bahrain Commercial Companies Law 2001.

b) Basis of measurement

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention, except for available for sale investments which are stated at fair value. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

Judgments

Classification of investments
Upon acquisition of an investment, management decides whether it should be classified as investments carried at fair value through profit and loss, investments at amortised cost, held to maturity or available-for-sale.

2 *BASIS OF PREPARATION (continued)*

Impairment of inventories
The Company reviews the carrying amounts of the inventories at each reporting date to determine whether the inventories have been impaired. The Company identifies the inventories, which have been impaired based on the age of the inventory and their estimate of the future demand for various items in the inventory. If any impairment indication exists, the inventories recoverable amount is estimated based on past experience and prevalent market conditions.

Impairment of available-for-sale investments
The Company determines that available-for-sale equity securities and managed funds at fair value are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. A 20% or more is used as a reasonable measure for significant decline below cost, irrespective of the duration of the decline. Prolonged decline represents decline below cost that last for more than one year irrespective of the amount. Where fair values are not available, the recoverable amount of such investment is estimated to determine impairment. In making this judgement, the management evaluates among other factors, evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Impairment of trade receivables
The Company establishes provision for impairment of accounts receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the accounts receivable is impaired.

Useful life and residual value of property, plant and equipment
The Company reviews the useful life and residual value of the property, plant and equipment at each reporting date to determine whether an adjustment to the useful life and residual value is required. The useful life and residual value is estimated based on the similar assets of the industry, and future economic benefit expectations of the management.

d) New standards, amendments and interpretations effective from 1 January 2015

The following standards, amendments and interpretations, which became effective as of 1 January 2015, are relevant to the Company.

(i) Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to define benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees periods of service using the project unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service.

The adoption of this amendment had no significant impact on the financial statements.

2 *BASIS OF PREPARATION (continued)*

(ii) Annual Improvements to IFRSs 2010–2012 and 2011–2013 Cycles various standards
The annual improvements to IFRSs to 2010-2012 and 2011 -2013 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 July 2014; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The following are the key amendments in brief:

- The IASB has clarified that, in issuing **IFRS 13** and making consequential amendments to **IAS 39 and IFRS 9**, it did not prevent entities from measuring short term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is not material. IFRS 13 has also been amended to clarify that portfolio exception applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.

- The amendments to **IAS 16 and IAS 38** remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses. The accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

- The amendments to **IAS 24** clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of IAS 24.

The adoption of these amendments had no significant impact on the financial statements.

e) New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those which are relevant to the Company are set out below. The Company does not plan to early adopt these standards.

(i) IFRS 9 - Financial Instruments
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

2 *BASIS OF PREPARATION (continued)*

(ii) IFRS 15 – Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

(iii) Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38)
The amendments to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted if the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

The Company does not expect to have a significant impact on its financial statements.

(iv) Annual improvements to IFRSs 2012-2014 cycle – various standards
The annual improvements to IFRSs to 2012-2014 cycles include a number of amendments to various IFRSs. Most amendments will apply prospectively for annual periods beginning on or after 1 January 2016; earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

The amendments are not expected to have any material impact on the financial statements of the Company.

The following are the key amendments in brief:

- IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.

- IFRS 7 – that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

- IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

- IAS 34 – what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information.

2 *BASIS OF PREPARATION (continued)*

(v) Disclosure Initiative (Amendments to IAS 1).
The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Early adoption is permitted.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies are consistent with those of the previous year.

a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, and represents amounts receivable for goods supplied or services performed. The Company recognises revenues when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Company; and when specific criteria has been met for each of the Company's activities, as described below:

(i) Revenue from flour sales:
Sales is recognised when risks and rewards of ownership have passed to the customers and the amount of revenue can be measured reliably. Sales of flour products is recognized upon delivery of goods to customers.

(ii) Dividend income:
Dividend income is recognized on the declaration date which is the date when the right to receive is established.

(iii) Interest income:
Interest income is recognised as it accrues, using the effective interest rate method.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

b) Government subsidy

Government subsidy represents the amounts received from the Government of the Kingdom of Bahrain through Ministry of Finance, to enable the Company to sell products at a controlled price as fixed by the Government. The subsidy is recorded on an accruals basis and is calculated as the difference between the actual cost of wheat used for local sales products plus an agreed rate per ton sold for all other related costs of flour sold locally, and the total local sales made during the year. This subsidy is recognised as income in the statement of profit or loss in the period in which the sales are made to customers.

c) Inventories

These are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses. The cost of the inventory is based on weighted average principle. Cost includes purchases price, freight, custom duty and direct labour charge and other incidental costs. Where necessary, provision is made for obsolete, slow-moving and defective inventories.

d) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using Bahraini Dinars ('the functional currency'). The financial statements are presented in Bahraini Dinars, which is the Company's presentation currency.

(ii) Transactions and balances

Monetary assets and liabilities are translated into Bahraini Dinars at exchange rates ruling at the reporting date. Transactions in foreign currencies during the year are converted at the rate ruling at that time. Foreign exchange gains and losses are recognized in the statement of profit or loss. Translation differences for non-monetary items, such as equities classified as available-for-sale investments, are included in a fair value reserve in equity.

e) Operating leases contracts

Payments for operating lease contracts are recorded as expenses in the statement of profit or loss according to the terms of these contracts.

f) Available-for-sale investments

Classification
Available-for-sale investments are non-derivative investments that are designated as available-for-sale or that are not classified as another category of financial assets. Available-for-sale investments comprise investments in certain quoted and unquoted equity securities, and managed funds.

Recognition and Measurement
Available-for-sale investments are initially recognised at fair value, including transaction costs and subsequently re-measured to fair value using the closing bid prices. Unrealised gains and losses arising from changes in the fair values of available-for-sale investments are recognised in other comprehensive income. In the event of sale, disposal, collection or impairment, the cumulative gains and losses recognised previously in other comprehensive income are transferred to profit or loss. Purchases and sales of available-for-sale investments are accounted for on the trade date. Available-for-sale investments where there is no quoted market price or other appropriate methods from which to derive reliable fair values, are carried at cost less impairment.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

Fair Value

The fair value of quoted equity securities classified as available-for-sale investments is their quoted bid price at the reporting date. Investments in managed funds are valued at net asset values provided by the Investment Manager.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. In the case of equity Investment classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment. If such evidence exists, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that security previously recognised in equity is removed and recognised in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

g) Trade receivables

Trade receivables are initially measured at fair value and subsequently carried at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. A provision is made when the carrying amount of the asset exceeds the present value of the estimated future cash flows, discounted at the effective interest rate. This assessment is carried out for each customer.

h) Property, plant and equipment

Property, plant and equipment held for operational purposes are carried at cost less accumulated depreciation and any impairment losses. The cost of the property, plant and equipment includes the cost of bringing them to their present location and condition. Direct costs are capitalized until assets are ready for use. Capital work-in-progress comprises the cost of assets that are not yet ready for their intended use as at the reporting date. The cost of additions and major improvements are capitalised.

(i) Subsequent cost

The Company recognises in the carrying amount of an item of property, plant and equipment, and the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as follows:

Building (on leased land)	20 years
Plant and machinery	10 years
Capital spares	10 years
Motor vehicles	4- 10 years
Furniture and office equipment	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. When an item under property, plant and equipment is sold or discarded, the respective cost and accumulated depreciation relating thereto are eliminated from the statement of financial position, the resulting gain or loss being recognized in statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Treasury shares

When share capital of the Company is repurchased, the amount of consideration paid is recognized as a change in equity. Repurchased shares classified as treasury shares are carried at cost and are presented as a deduction from equity.

j) Dividends

Dividends are recognised as a liability in the period in which they are declared.

k) Statutory reserve

In accordance with the Bahrain Commercial Companies Law 2001, 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is distributable only in accordance with the provisions of the law.

l) De-recognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

m) Employee benefits

(i) Bahraini employees
Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19, is recognised as an expense in profit or loss.

(ii) Expatriate employees
Employees are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector, based on length of service and final salary. Provision for this, which is unfunded, and which represents a defined benefit plan under International Accounting Standard 19 – Employee Benefits has been made by calculating the notional liability had all employees left at the reporting date.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and deposits with original maturity of 90 days or less and are subject to insignificant risk of changes in their fair value.

o) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

3 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

p) Import finance loans

Import finance loans are recognised initially at the proceeds received as borrowings, net of transaction costs incurred. In subsequent periods, these are stated at amortised cost using the effective interest method. Any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings.

q) Board members' remuneration

Board members' remuneration is recognized in the statement of profit or loss on an accrual basis.

r) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

s) Impairment of non-financial assets:

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

4 TRADE AND OTHER RECEIVABLES

	31 December 2015	31 December 2014
Gross receivables	3,286,198	3,273,482
Less: Provision for impairment	(11,215)	(9,869)
	3,274,983	3,263,613

The movement on provision for impairment is as follows:

	31 December 2015	31 December 2014
At 1 January	9,869	-
Charge for the year	1,346	9,869
At 31 December	**11,215**	9,869

5 INVENTORIES

	31 December 2015	31 December 2014
Wheat in silos	3,283,922	1,686,612
Wheat in transit	2,468,471	3,338,954
Finished goods	359,950	363,493
Packing materials	147,448	103,218
Spare parts and consumables	860,593	848,497
	7,120,384	6,340,774
Less: provision for obsolete and slow moving inventories	(303,497)	(273,519)
	6,816,887	6,067,255

The movement on provision for obsolete and slow moving inventories is as follows:

	31 December 2015	31 December 2014
At 1 January	273,519	256,977
Charge for the year	29,978	16,542
At 31 December	**303,497**	273,519

6 AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2015	31 December 2014
Quoted equity securities- at fair value	6,162,317	6,569,178
Unquoted equity securities - at cost less impairment	75,000	75,000
Managed funds – at fair value	417,171	480,370
Managed funds – at cost less impairment	-	94,250
	6,654,488	7,218,798

Movement:

At 1 January	7,218,798	7,097,768
Purchase of investments	-	439,165
Sale of investments	(466,404)	(410,731)
Net change in fair value	(97,906)	99,264
Impairment loss	-	(6,668)
At 31 December	**6,654,488**	7,218,798

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant, Machinery and capital spares	Motor vehicles	Furniture and office equipment	Capital Work-in-progress	2015 Total	2014 Total
Cost							
At beginning of year	8,664,299	7,614,191	210,741	703,828	96,475	17,289,534	17,677,463
Additions	1,964	36,670	-	13,649	16,079	68,362	240,203
Disposals	-	-	(18,800)	-	-	(18,800)	(129,991)
Transfers	4,173	-	-	-	(4,173)	-	(291,150)
Write off	-	-	-	-	-	-	(206,991)
At 31 December	**8,670,436**	**7,650,861**	**191,941**	**717,477**	**108,381**	**17,339,096**	**17,289,534**
Depreciation							
At beginning of year	5,120,600	5,403,993	139,466	669,917	-	11,333,976	10,731,563
Charge for the year:							
- Cost of sales	286,855	412,986	11,696	4,555	-	716,092	688,541
- Others	5,437	-	1,865	14,357	-	21,659	43,803
Disposals	-	-	(13,794)	-	-	(13,794)	(129,931)
At 31 December	**5,412,892**	**5,816,979**	**139,233**	**688,829**	-	**12,057,933**	**11,333,976**
Net carrying value at 31 December 2015	**3,257,544**	**1,833,882**	**52,708**	**28,648**	**108,381**	**5,281,163**	**5,955,558**
At 31 December 2014	3,543,699	2,210,198	71,275	33,911	96,475	5,955,558	

The land at Mina Salman on which the mill was built is leased by the Company from the Government of the Kingdom of Bahrain.

8 TRADE AND OTHER PAYABLES

	31 December 2015	31 December 2014
Trade payables	2,490,550	2,244,623
Dividends payable	188,116	197,632
Accrued expenses and other payables	223,555	292,777
Deferred income	28,537	22,338
	2,930,758	2,757,370

9 IMPORT FINANCE LOANS

Import finance loans are used to import wheat, unsecured and generally repayable within 90 to 180 days.

10 PROVISION FOR EMPLOYEES' LEAVING INDEMNITY

The Company's contributions in respect of non-Bahraini employees and two management staff as per Bahrain Labor Law for 2015 amounted to BD 83,749 (2014: BD 63,847).

The provision for indemnities was as follows:

Provision for indemnities	**2015**	2014
Provision at beginning of year	63,847	50,798
Charge during the year	19,902	13,049
At 31 December	**83,749**	63,847

11 SHARE CAPITAL

	31 December 2015	31 December 2014
Authorised: 100 million shares		
Issued and fully paid: 24,832,500 shares of 100 fils each	2,483,250	2,483,250
6,930 treasury shares (2014: 6,930 shares)	(1,373)	(1,373)
Net shares in public issue	**2,481,877**	2,481,877

Performance per share	**31 December 2015**	31 December 2014
Earnings per 100 fils share	24 fils	25 fils
Net asset value per 100 fils share	747 fils	757 fils
Stock Exchange price per 100 fils per share at 31 December	390 fils	396 fils
Stock Exchange price to earnings ratio	16:1	16:1
Total market capitalisation at 31 December (BD)	9,684,675	9,833,670

Additional information on shareholding pattern

(i) Names and nationalities of the major shareholders and the number of equity shares held in which they have an interest on 5% or more of outstanding shares as at 31 December 2015:

	Nationality	**No. of shares**	**% holding**
Bahrain Mumtalakat Holding Co. B.S.C. (c)	Bahraini	16,322,806	65.73
Kuwait Flour Mills and Bakeries Company K.S.C.	Kuwaiti	1,848,000	7.44
Abdulhameed Zainal Mohammed	Bahraini	1,434,642	5.78

11 *SHARE CAPITAL (continued)*

(ii) The Company has only one class of equity share and the holders of these shares have equal voting rights.

(iii) Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories:

Categories*	Number of Shares	Number of shareholders	% of total outstanding shares
Less than 1%	4,698,011	1,724	18.92
1% up to less than 5%	529,041	2	2.13
5% up to less than 10%	3,282,642	2	13.22
10% up to less than 20%	-	-	-
20% up to less than 50%	-	-	-
50% and above	16,322,806	1	65.73
	24,832,500	**1,729**	**100**

*Expressed as a percentage of total shares of the Company.

12 COST OF SALES

	2015	2014
Raw materials	12,832,887	13,974,163
Staff cost	864,128	839,139
Depreciation	716,092	688,541
Packing materials	263,428	280,455
Maintenance, repairs and utilities	283,042	251,733
Others	313,828	74,444
	15,273,405	16,108,475

13 GOVERNMENT SUBSIDY

Government subsidy is calculated as the difference between the actual cost of wheat purchased and used for local sales products plus BD 31 per ton (2014: BD 31 per ton) sold for all other related costs of flour sold locally, and the total local sales made during the year. The following table shows the details of Government subsidy:

	2015	2014
Actual cost of wheat purchased and used	12,832,887	13,974,163
Plus: BD 31 per ton of wheat products sold locally	3,614,546	3,435,216
	16,447,433	17,409,379
Less: Local gross sales	(6,012,242)	(6,106,769)
	10,435,191	11,302,610

Quantity of flour sold locally during the year was 116,598 tons (2014: 110,813 tons).

14 OTHER OPERATING EXPENSES

	2015	2014
Staff cost	742,994	735,454
General and administrative expenses	215,984	231,192
Depreciation	21,659	43,803
Board of directors remunerations	53,342	63,953
Professional fees	67,400	30,500
Other *	74,901	290,267
	1,176,280	1,395,169

* During 2014, the Company had written-off an amount of BD 206,991 related to the cost incurred on one of its projects which had no future economic benefits and became evident during that period.

15 INVESTMENT INCOME

	2015	2014
Dividends income	368,308	391,624
Profit on sale of available-for-sale investments	180,463	243,308
	548,771	634,932

16 OTHER INCOME

	2015	2014
Rental income	-	37,350
Delivery income	7,972	13,302
Income from shipments claims	41,625	11,113
Profit on sale of fixed assets	1,994	1,581
Service income	16,686	9,746
Bank interest	5,367	3,738
Others	21,387	33,139
	95,031	109,969

17 EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of equity shares outstanding during the year ended 31 December 2015 as follows:

	2015	2014
Profit for the year	603,684	614,142
Weighted average number of equity shares in issue	24,825,570	24,825,570
Basic earnings per share	24 fils	25 fils

Diluted earnings per share have not been presented as the Company has no instruments convertible into ordinary shares that would dilute earnings per share.

18 OPERATING LEASES COMMITMENTS

	2015	2014
Less than one year	67,932	67,872
Between one and five years	173,448	173,448
More than five years	171,732	211,224
	413,112	**452,544**

19 SEGMENTAL ANALYSIS

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company's current activities are primarily the production of flour and related products which are sold in the local market. The revenue, expenses and results are reviewed only at a Company level and therefore no separate operating segment results and related disclosures are provided in these financial statements.

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company.

a) Transactions and balances with and from related parties

	31 December 2015		31 December 2014	
	Receivables	**Sales**	Receivables	Sales
Common controlled entities	-	20,000	-	37,600
Total	-	**20,000**	-	37,600

b) Transactions with key management personnel

Key management personnel of the Company comprises of the Board of Directors, the Chief Executive Officer and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2015	2014
Directors' remunerations	53,342	63,953
Other board of directors expenses	44,260	50,811
Salaries and other benefits	172,995	158,506
Total compensation	**270,597**	273,270

21 FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Company include cash and bank balances, receivables and available-for-sale investments.

Financial liabilities of the Company include payables and import finance loans.

a) Risk management:

The Company has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

21 FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Day to day monitoring of the Company's activities and risks is performed by the Board Committees and the Chief Executive Officer.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to limit its credit risk with respect to customers by means of the following policies:

- Credit risk is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures laid down by the Company.
- Credit review procedures are designed to identify at an early stage exposure, which require more detailed monitoring and review.
- Cash is placed with banks with good credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015	2014
Bank balances	1,992,036	2,675,883
Trade and other receivables	3,249,255	3,214,856
	5,241,291	5,890,739

The maximum exposure to credit risk from receivables at the reporting date by segment was:

	2015	2014
Government	2,639,822	2,947,871
Non-government	609,433	266,985
	3,249,255	3,214,856

The Company does not hold any collateral against the above receivables.

21 FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (continued)

The ageing of receivables at the reporting date was:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
Neither past due nor impaired	1,304,623	-	1,213,516	-
Past due not impaired:				
Past due 1-30 days	882,862	-	1,919,526	-
Past due 31-90 days	862,763	-	130,571	-
Past due 91-120 days	199,007	-	-	-
Past due and impaired:				
Over 120 days	11,215	11,215	9,869	9,869
	3,260,470	**11,215**	3,224,725	9,869

Liquidity risk, also referred to as funding risk, is the risk the Company will encounter difficulty in raising funds to meet obligations associated with its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a daily basis and the management ensures that sufficient funds are available to meet any future commitments. In the normal course of business, the Company does not resort to borrowings but has the ability to raise funds from banks at short notice.

The following are the contractual maturities of financial liabilities:

31 December 2015	**Carrying value**	**0 up to 3 months**	**3 up to 6 months**	**6 months up to 1 year**	**1 up to 5 years**	**over 5 years**
Trade and other payables	2,742,642	2,729,684	12,958	-	-	-
Import finance loans	2,482,718	2,090,215	392,503	-	-	-
Dividend payable	188,116	188,116	-	-	-	-
	5,413,476	**5,008,015**	**405,461**	-	-	-

31 December 2014	Carrying value	0 up to 3 months	3 up to 6 months	6 months up to 1 year	1 up to 5 years	over 5 years
Trade and other payables	2,559,738	2,558,033	1,705	-	-	-
Import finance loans	3,612,437	2,577,653	1,034,784	-		
Dividend payable	197,632	197,632	-	-	-	-
	6,369,807	5,333,318	1,036,489	-	-	-

21 *FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (continued)*

Market risk is the risk that that changes in market prices will affect the Company's income or the value of its financial instruments; whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all investments traded in the market.

The Company is exposed to market risk with respect to its available-for-sale investments.

Interest rate risk is the risk that the Company's earnings will be affected as a result of fluctuations in the value of financial instruments due to changes in market interest rates.

b) Classification and fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown at the reporting date, are as follows:

2015	**Loans and receivables**	**Available-for-sale**	**Others at amortised cost**	**Total carrying amount**	**Fair value**
Cash and bank balances	1,993,160	-	-	1,993,160	1,993,160
Trade and other receivables	3,274,983	-	-	3,274,983	3,274,983
Available-for-sale investments	-	6,654,488	-	6,654,488	6,654,488
	5,268,143	**6,654,488**	**-**	**11,922,631**	**11,922,631**
Trade and other payables	-	-	2,742,642	2,742,642	2,742,642
Import finance loans	-	-	2,482,718	2,482,718	2,482,718
Dividend payable	-	-	188,116	188,116	188,116
	-	**-**	**5,413,476**	**5,413,476**	**5,413,476**

2014	Loans and receivables	Available-for-sale	Others at amortised cost	Total carrying amount	Fair value
Cash and bank balances	2,678,004	-	-	2,678,004	2,678,004
Trade and other receivables	3,263,613	-	-	3,263,613	3,263,613
Available-for-sale investments	-	7,218,798	-	7,218,798	7,218,798
	5,941,617	7,218,798	-	13,160,415	13,160,415
Trade and other payables	-	-	2,559,738	2,559,738	2,559,738
Import finance loans	-	-	3,612,437	3,612,437	3,612,437
Dividend payable	-	-	197,632	197,632	197,632
	-	-	6,369,807	6,369,807	6,369,807

21 FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (continued)

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Other than certain available-for-sale investments carried at cost of BD 75,000 (2014: BD 75,000), the estimated fair values of the Company's other financial instruments are not significantly different from their carrying value.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data. The table below analyses financial assets and liabilities carried at fair value, by valuation method.

At 31 December 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale investments:				
Quoted equity securities	6,162,317	-	-	6,162,317
Managed funds	-	417,171	-	417,171
	6,162,317	**417,171**	**-**	**6,579,488**

At 31 December 2014	Level 1	Level 2	Level 3	Total
Available for sale investments:				
Quoted equity securities	6,569,178	-	-	6,569,178
Managed funds	-	480,370	-	480,370
	6,569,178	480,370	-	7,049,548

21 FINANCIAL INSTRUMENTS - RISK MANAGEMENT AND FAIR VALUES (continued)

There were no transfers between the levels during the year. The Company has not disclosed the fair value for other financial instruments because their carrying amounts are a reasonable approximation of fair values.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as total shareholders' equity and the level of dividends to shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

22 PROPOSED APPROPRIATIONS AND DIVIDENDS

The Board of Directors have proposed the following appropriations for the year and will be submitted for formal approval at the annual general meeting.

	2015	2014
Cash dividends 20 fils per share (2014: 20 fils per share)	496,650	496,650
Charity contribution	20,000	20,000
Retained earnings	4,372,233	4,285,199

The board also recommends paying BD 53,342 (2014: BD 54,442) as board remuneration.

23 COMPARATIVES

Certain prior year amounts have been regrouped to conform to the presentation in the current year. Such regroupings did not affect previously reported profit and comprehensive income for the year or equity.